

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 HUD-02 /067 W
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FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 6859

UNCLAS NEW DELHI 14916

E.O. 11652: N/A
TAGS: EFIN SOCI IN
SUBJECT: INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF
INDIA (ICICI), BOMBAY, BRANCHES INTO HOUSING FINANCE

FOLLOWING SENT ACTION NEW DELHI INFO CALCUTTA MADRAS
FROM BOMBAY OCT 19 IS REPEATED

QUOTE
UNCLAS BOMBAY 2564

GM O. 11652: N/A
TAGS: EFIN, SOCI, IN
SUBJ: INDUSTRIAL CREDIT AND INVESTMENT CORPORATION OF INDIA
(ICICI), BOMBAY, BRANCHES INTO HOUSING FINANCE

1. ICICI ANNOUNCED ON OCTOBER 18 THE FORMATION OF AN ASSOCIATE
INSTITUTION - HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED
(HDFC) - TO UNDERTAKE TERM FINANCING OF RURAL AND URBAN HOUSING.
AUTHORIZED AND PAID-UP CAPITAL OF HDFC WILL BE RS.250 MILLION
AND RS.100 MILLION, RESPECTIVELY.

2. ICICI CHAIRMAN H.T. PAREKH REPORTEDLY STATED THAT, BESIDES
ICICI, SEVERAL INSTITUTIONAL INVESTORS LIKE THE LIFE INSURANCE
CORPORATION, THE GENERAL INSURANCE CORPORATION AND BANKS ARE
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EXPECTED TO SUBSCRIBE TO HDFC EQUITY. IN ADDITION, OVER 50
PRIVATE FIRMS, INCLUDING FOREIGN-CONTROLLED COMPANIES, ARE
EXPECTED TO CONTRIBUTE TO THE CAPITAL. PUBLIC SUBSCRIPTION
WILL ALSO BE INVITED THROUGH PROSPECTUS TO BE ISSUED IN
NOVEMBER OR DECEMBER. BESIDES EQUITY, HDFC HOPES TO RAISE
ADDITIONAL FINANCE THROUGH DEPOSITS FROM THE PUBLIC WHICH
WILL BE TIED TO VARIOUS LOAN SCHEMES FOR INDIVIDUAL FINANCING.

ACCORDING TO PAREKH, CORPORATE EQUITY COMMITMENTS VALUED AT RS.50 MILLION HAVE ALREADY BEEN RECEIVED.

3. BESIDES LOCAL FINANCE, PAREKH REPORTEDLY STATED THAT THE INTERNATIONAL FINANCE CORPORATION (IFC), WASHINGTON, D.C. "HAS EXPRESSED KEEN INTEREST IN THE PROJECT AND IS LIKELY TO CONTRIBUTE SIZABLE CAPITAL" IN THE VENTURE. AN IFC TEAM IS EXPECTED TO VISIT BOMBAY BY END OF THIS MONTH.

4. COMMENT: ICICI'S PROGRAM TO BRANCH OUT INTO HOUSING FINANCE IS PERHAPS A MAJOR DEVELOPMENT IN THE PRIVATE SECTOR WHICH HAD SO FAR KEPT OUT OF THIS ESSENTIAL, BUT SOMEWHAT LESS LUCRATIVE, FIELD FOR CORPORATE BUSINESS. WHILE ICICI'S DECLARED OBJECTIVE IS TO FINANCE RURAL AND URBAN HOUSING, WE BELIEVE THAT IN VIEW OF ICICI'S INDUSTRIAL BACKGROUND AND EXPERTISE, ITS MAJOR THRUST, AT LEAST INITIALLY, IS LIKELY TO BE IN URBAN HOUSING COVERING BLUE AND WHITE COLLAR POPULACE. ENTRY OF AN ORGANIZATION OF ICICI'S STATURE IN HOUSING FINANCE IS CONSIDERED TO BE A WELCOME DEVELOPMENT BY THE BUILDING INDUSTRY WHICH SUFFERED A RECESSIONARY PHASE IN THE LAST TWO YEARS FOR SEVERAL REASONS, INCLUDING LACK OF FINANCE AND RESTRICTIVE OPERATIONAL CONDITIONS. URBAN LAND CEILING ACT HAD ALSO HINDERED DEVELOPMENT OF REAL ESTATE BUSINESS.

5. WE ARE IN THE PROCESS OF OBTAINING BACKGROUND INFORMATION ON THE PROPOSED IFC PARTICIPATION IN THE PROHECT. ROSENTHAL
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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
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